

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent (2004: HK1.0 cent) per ordinary share for the period ended 30 September 2005, payable to shareholders whose names appear in the register of members of the Company on 12 January 2006. The dividend will be payable on 20 January 2006.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 January 2006 to 12 January 2006 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share registrars, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 January 2006.

## BUSINESS REVIEW AND PROSPECTS

### BUSINESS REVIEW

For the six months ended 30 September 2005, the Group's turnover was HK\$274,271,000 (2004: HK\$290,443,000). The profit attributable to shareholders decreased by approximately 48.56% to HK\$10,131,000 (2004 (restated): HK\$19,693,000).

### FROZEN MEAT BUSINESS

During the period, global frozen meat trading environment was turbulent and adversely affected by the persistently high levels of frozen meat costs and the outbreak of bird flu cases worldwide. These had adversely affected the Group's performance. However, building on its long history and good reputation, a wealth of trading experience, an extensive network, excellent relationship with customers and prudent measures, the Group was able to alleviate the full impact affecting the industry.

### INVESTMENT IN FOOD BUSINESS

In addition to its core business in frozen meat trading, the Group has further increased its equity interests in Four Seas Mercantile Holdings Limited ("FSMHL") during the period which enables the Group to have a diversified business portfolio and enjoys the share of profit from FSMHL. As at 30 September 2005, the Group held 27.37% equity interests in FSMHL and shared a profit after tax of HK\$13,549,000.

Food products distribution remains as the core business of FSMHL. As a leading food enterprise in the market and leveraging on its competitive advantages, FSMHL performed better than its peers for the period. With extensive promotional campaigns, the growing market awareness and the increasing demand of Four Seas brand products in both Mainland China and Hong Kong, FSMHL achieved a satisfactory sales growth for the period. In addition, Okashi Land, FSMHL's Japanese speciality snack chain, continued to be a very popular shopping place to introduce to the consumers those latest and trendy Japanese snack foods.

This year, FSMHL was once again elected as one of the “Hong Kong Outstanding Enterprises 2005” by Economic Digest and also presented with “Outstanding Contribution Award” by one of the major convenience store chains. Furthermore, Four Seas Crackers, launched for just one year, was awarded “Top Ten Favourite Brands 2005” by one of the major supermarket chains in Hong Kong. During the period, FSMHL hosted solely its “Four Seas International Food Expo 2005” in the Hong Kong Convention and Exhibition Centre, displaying more than three thousand famous brands of food products. The exhibition not only won overwhelming responses from the industry peers and the public, but also greatly enhanced the corporate image of FSMHL as well as the popularity of Four Seas brand products.

FSMHL now owns a total of seventeen food factories in both Mainland China and Hong Kong. This has allowed FSMHL to implement its integrated business model, starting from the supply of food materials, to the production of food products, to the wholesaling and retailing which has laid down a solid foundation for its future business development.

Regarding the catering business, Pokka Cafe restaurant chain, jointly developed with Pokka Corporation of Japan, performed satisfactorily during the period. The wholly-owned restaurants, namely “Kung Tak Lam Shanghai Vegetarian Cuisine Restaurant”, which specialises in Shanghai vegetarian cuisine and the Japanese restaurants - “Restaurant Shiki” and “Yutaka Japanese Dining Bar”, all continued to be well received by the customers. During the period, FSMHL completed an acquisition of New Kondo Trading Company Limited (“New Kondo”), which is the market leader in supplying Japanese catering food materials to all Japanese restaurants in Hong Kong for more than thirty-five years. This acquisition is expected to provide synergy for FSMHL’s long-term business growth in catering business.

## PROSPECTS

In view of the fierce competition in frozen meat trading market and the continual global concern over bird flu diseases, the consumer spending sentiment in frozen meat products may be dampened. Despite the difficulties ahead, the group will continue to implement its set business policies. With its solid business foundation and extensive distribution network, the Group will continue to explore more business opportunities and commit itself to providing high quality products and value-added services to the customers. The Group will also strive hard to increase its market competitiveness so as to counteract the temporary adverse trading environment in the frozen meat market. Looking ahead, the Group will proactively implement various measures to reduce those adverse impacts in the frozen meat market. Meantime, the Group will continue to increase its equity interests in FSMHL to stabilize the Group’s earnings.